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Industrial Development Board

Thirteenth session

SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 8 November 1994, at 10 a.m.

President: Mr. EL HUSSEIN (Sudan)
later: Mr. WEJTKO (Poland)

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The meeting was called to order at 10.30 a.m.

UNIDO POLICY FRAMEWORK - ORGANIZATIONAL AND STAFF STRUCTURE (continued) (IDB.13/27 and Corr.1, IDB.13/31; IDB.13/CRP.1)

1. Mr. MALDONADO (Ecuador) said that, ignoring freedom and competition as the basis for development, Latin America had strayed from the road to progress and well-being in past decades. Ecuador, too, had gone down the wrong path and not exploited its enormous potential in human and natural resources. But the hard lessons of history opened doors for the future, and the current Ecuadorian Government was adopting a forward-looking approach. Major structural reforms were the fundamental objective for the next few years. Ecuador was moving towards modernization, out of a firm conviction that it was the best way to enhance the country's well-being.

2. Against that background, the activities of international organizations like UNIDO must be evaluated. The new international realities, particularly in Eastern Europe, deserved the international community's attention, but UNIDO must not be diverted from its primary objective of promoting industrial development in the developing countries. The Director-General and his staff must adopt a strategy aimed at directing the necessary technical and financial resources towards achieving the Organization's objectives.

3. One of the major impediments to the growth of industry and its successful participation in domestic and export markets was the competitive disadvantage due to inadequate technological development. The opening of markets throughout the world meant that the industrial sector of countries like his own must rapidly attain

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appropriate technological levels and develop entrepreneurial structures, but such countries lacked the necessary equipment as well as middle- and high-level staff trained in the use of advanced technology in production processes. There was no consensus regarding the future prospects for the transfer of technology to developing countries, but there were signs pointing towards growing technological protectionism. That was especially true in respect of the high technology needed by developing countries. Organizations like UNIDO should serve as a channel for the transfer of relevant technology.

4. It was also essential to expand the national production base, promote industrial diversification and investment, have access to information networks and improve productivity and the quality of industrial and agro-industrial products. The assistance of UNIDO was very important in those areas; it should take the form of innovative projects designed, in line with national priorities, in close cooperation with the Ecuadorian counterpart. Projects under way should be co-ordinated better. Rapid establishment of a field representation in Ecuador and the streamlining of procedures could help in that respect.

5. Technical assistance from UNIDO to Latin America should be increased and adapted to the industrial and technological policies of the individual countries, subregions and the region as a whole. Needs should be met in such areas as industrial modernization, rehabilitation and transformation and development of small- and medium-scale industry. In view of UNIDO's scarce financial resources, South-South cooperation and solidarity were increasingly important.

6. Advanced industry could not exist without human resources trained to manage it. UNIDO must promote improvements in that field by offering more training courses and seminars. Its current efforts were not up to expectations.

7. Finally, recruitment should be improved and equitable geographical distribution ensured. The very short notice given for submission of candidacies often prevented candidates from geographically remote countries from gaining employment with UNIDO.

8. While Ecuador thanked donors for their valuable assistance, it urged them to increase such assistance.

9. Mr. RITCH (United States of America) said that, at the General Conference session at Yaoundé, Member States had given the Director-General an unprecedented mandate to reform UNIDO into an organization that was relevant, efficient and competitive. The marketplace for industrial development services was highly competitive. In order to find a place in it, UNIDO must focus on quality delivery of expert services in priority areas, exploiting its comparative advantages while meeting client demand and the criteria of environmental and economic sustainability. Few of the necessary steps would be popular, but the Director-General could be assured of the full support of the United States in taking them. Good progress had been made in stabilizing the regular budget and, in that endeavour as well, his Government would do its share. It would pay the bulk of its 1994 assessment - approximately $30 million - before the end of the week.

10. The United States supported the increased emphasis to be given to Africa, small- and medium-scale enterprises and agro-industries. The medium-term plan showed valuable improvement and increased relevance. The planned personnel reforms and extensive training programmes for staff also deserved praise. A motivated and qualified staff working together as a team could bring the Organization to new levels of efficiency and quality.

11. But difficult months lay ahead. UNIDO must stabilize the operational budget so that it could sustain its supply of quality services in priority areas. Some priorities had been established, but the pressure to increase efficiency and better allocate resources still existed. Additional cost-cutting measures might be necessary, combined with increased prioritization.

12. Concerning prioritization, the logical converse of assigning higher priority to some areas was the downgrading or elimination of others. Yet nowhere in the documentation submitted to Member States was there any indication that activities had been deselected. Trimming was an integral part of reform. UNIDO could not continue to provide all services to all countries while offering upgraded services in priority areas, all within its existing resource base. Activities must be cut if the Organization was to gain momentum in priority areas and stabilize its financial situation.

13. Additional resources should not be made available until UNIDO had shown that it had used the resources it already had efficiently and effectively. It had made a good start and must now tackle some of the most challenging problems of all. Support from Member States would be instrumental, but it was up to the Director-General to take the necessary steps.

14. Quality projects were UNIDO's lifeblood, and sound reform must be followed by sound evaluation. His Government would be looking for examples of the new UNIDO in the field as well as on paper. The United States would wish to engage in a continuing discussion with the Secretariat and members of the Board on how field evaluation could best be accomplished.

15. Mr. HOBEICA (Lebanon), referring to document IDB.13/27, said that the organizational and staff structure of UNIDO was a guarantor of effectiveness in the Organization's work. UNIDO was faced with a number of problems which were concentrated in two interrelated areas: effective administration and financial efficiency. There were serious deficiencies in the approach to important aspects of UNIDO's activities and the result was a vicious circle. The necessary financial resources would not be forthcoming as long as the management of such resources was seen to be ineffective. In addition to work on the organizational and staff structure, efforts must be made to bring in new sources of financing.

16. The Director-General and his staff had made every effort to modify UNIDO's organizational and staff structure, but more work was required, and as soon as possible. Vacant posts must be filled, especially in the industrial development sector. In the area of technical cooperation alone, about 25 per cent of the expert posts were vacant. That gap should be filled immediately.

17. The reduction in financial assistance and contributions to UNIDO was a source of great concern. It was disturbing to see that allocations to various programmes had been diminished. Only six per cent of the regular budget was earmarked for technical cooperation in the industrial sector. Yet industrialization was essential for the developing countries and brought with it improvements in the economic, social and health sectors. UNDP must resume the important role it used to play in UNIDO's financing. The industrialized countries must realize that industrial development affected them as well as the developing countries. It could halt immigration from developing countries to industrialized countries, while the promotion of small- and medium-scale enterprises and the industrialization of rural areas could launch a revival of heavy industry in the industrialized countries. Promotion of industrial development would contribute significantly to North-South cooperation, potentially leading to solutions to many world problems. To guarantee that UNIDO had the necessary capabilities for such activities, its reorganization was essential. The process had already begun and he congratulated the Director-General on the results achieved so far. In order to ensure the success of UNIDO's activities, however, the mobilization of the necessary financial resources, especially from UNDP, was essential.

18. Mr. BAJOWA (Nigeria) said the achievements outlined in the documents for the current session reflected the quality of UNIDO's leadership since its transformation in line with the decision adopted by the General Conference at Yaoundé. His Government was particularly encouraged by the proposals concerning human resource development, transfer of technology, assistance to small- and medium-scale industry and industrial rehabilitation and modernization. The intensification of UNIDO's activities in those areas was of major importance. UNIDO's assistance in strengthening Nigeria's technological and industrial base had already proved invaluable, as had its help in improving Nigerian institutions for technology acquisition and metallurgical development. Research institutes in his country had likewise benefited from collaboration with UNIDO. His Government hoped that such cooperation would continue, particularly in the areas of development of indigenous technology, rehabilitation and modernization of national industries and sustained support for small- and medium-scale industry in developing countries.

19. UNIDO's role in stimulating interest, through the industrial promotion forum, in the industrial potential of developing countries should be expanded: collaboration with African countries in holding a region-wide investment forum should be seriously considered. Not only would that fall in line with current efforts to promote industrial development in the subregion through the Economic Community of West African States (ECOWAS), but it would also be consistent with the objectives of the African Economic Community.

20. Despite the African region's best efforts, industrial development, particularly in the sub-Saharan area, continued to be hampered by a high level of indebtedness. His country supported UNIDO's approach to the debt problem. It renewed its call for a genuine partnership between debtor and creditor countries to reduce or write off debts and thereby enable the region to resume its progress towards industrial growth.

21. Nigeria greatly appreciated UNIDO's fostering of industrial development cooperation through the System of Consultations. The recommendations from consultations held in 1993 were most pertinent. The concerns of private entrepreneurs and small- and medium-scale industrial manufacturers should be better taken into account in future consultations to enable them to benefit from UNIDO's valuable advisory and technical services.

22. Nigeria commended the Director-General for his efforts to implement resolutions GC.5/Res.18 and GC.5/Res.20 and decision IDB.12/Dec.9. It shared the concern of other States about the consequences for UNIDO's medium- and long-term viability of failure by Member States to pay their contributions in full. It urged the Director-General not to slacken his efforts to mobilize additional funds for the implementation of UNIDO programmes while continuing to make effective use of the resources in the 1994-1995 biennium through reallocations to priority programmes and activities.

23. The Medium-Term Plan contained improvements which his delegation welcomed. The four years now envisaged were sufficient to undertake a critical review and to suggest improvements if necessary.

24. UNIDO's renewed commitment to Africa's industrialization efforts, particularly through its involvement in the First Industrial Development Decade for Africa (IDDA) and the preparation of national and subregional programmes for the Second IDDA, justified continuing interest in the Organization. Yet those efforts would bear fruit only with sustained support from and collaboration by Africa's development partners. An understanding of Africa's special needs should be accompanied, not by a reduction in UNIDO's commitment, but by active support, particularly in the areas of human resource development, acquisition of appropriate technology and increased funding for development. UNIDO remained the most important tool within the United Nations system to address the industrial problems of Africa; Nigeria urged support for an expanded IDDA programme integrated within the African area programme.

25. An active role for the Organization entailed the strengthening of field representation on the African continent. The UNIDO Country Director programme in Africa was therefore highly important: measures had already been taken to facilitate the work of the next UCD in Nigeria. His delegation commended the Director-General's efforts to reorient the programme and urged Member States to support them.

26. The programmes initiated over the past year had strengthened his Government's confidence in UNIDO's reinforced role as a catalyst for the industrial development of African countries. Nigeria supported the Yaoundé Declaration and believed that the time had come to consolidate recent gains.

27. Mr. DE MARIA Y CAMPOS (Director-General), replying to the debate, said that in the year that had gone by since the Yaoundé Conference session the Secretariat had been working with passionate intensity to introduce the reforms called for by Member States. During such a period, when so many changes were occurring, it was not easy to describe precisely what had been achieved and what still remained to be done; in his introductory statement he had tried to concentrate on some of

the areas he believed to be of special importance to Member States, which meant, of course, that other areas had not been touched upon. He hoped that in informal and formal meetings, and in particular during the present session, a clearer and fuller picture would emerge.

28. All speakers had recognized the efforts that had been made, even if some considered that change had not been fast enough, or had not always been in the right direction. For the Secretariat, the reform process, it must be realized, involved a major cultural and institutional transformation which inevitably took time before it showed results. Much progress had been made, he felt, on many different fronts, particularly in the matter of focusing and setting priorities for the work of UNIDO. It was a task that the Secretariat was carrying out not merely because it had been instructed to do so, but because it was necessary in order to produce work of high quality and build UNIDO into an organization of excellence. Furthermore, lack of funds made concentration essential if the multiple needs of the developing countries were to be met. In that connection, he wished to point out that, when resources were not available, it was impossible to take on even priority actions. The challenge facing the Secretariat under present straitened circumstances was how to do the best it could with the little it had.

29. A case in point was that of the priority issue of least developed countries. For the 53 countries in that category, very limited resources were available, leading to too small projects. Increased concentration combined with increased resources, especially for Africa and LDCs, was required.

30. Turning to specific issues, he recalled his presentation of the Secretariat's activities in regard to the focusing of UNIDO's programmes. It had not yet proved possible to produce documents showing exactly what prioritization meant in every region, sector or topic, but for the last few months a great deal of work had been put in and the results would be presented as soon as possible. It should be noted, however, that it was extremely difficult to present proposals that would be satisfactory to all countries, particularly when no specific suggestions had been made. Countries called for prioritization, but failed to indicate what activities should be dropped. The Member States, as he had already pointed out, were the stockholders, and he would follow their advice. It was up to them to lay down the criteria. Meanwhile, the Secretariat had been working hard to identify what it believed to be the main priority areas where it should concentrate in the light of its comparative advantages, financial resources, technical capabilities and so on. He sincerely hoped it would soon prove possible to conclude the process; he intended to present a synthesis of the Secretariat's efforts prior to the next meeting of the Programme and Budget Committee.

31. One of the major advances that had been made was that UNIDO was now concentrating on its mandate. In the past, as a result of trust funds, the Organization had on occasion been undertaking projects that were not altogether within its mandate and did not go through the normal screening process. All projects now had to pass through the Programme and Project Review Committee (PPRC). To give a precise example, he referred to a project established before he had assumed office concerning a preliminary study for a gas trunk-line for the twenty-first century, covering a number of countries. It had recently been examined with a view to proceeding to a second phase, involving costs of $6 million. He had decided that, although of great interest, it was not a suitable project for UNIDO, which had neither the financial resources nor the technical capabilities to backstop it. So the project had been cancelled. Unfortunately, owing to internal communication problems, it had subsequently featured in the latest UNIDO Update as a project to be pursued in the future. He had a list of other projects that did not fall within UNIDO's mandate, its new priorities or its technical capabilities and he intended to deal with them very strictly.

32. Referring to document GC.5/23, dated 24 September 1993, he drew attention to the subsector specialization criteria listed in paragraph 58. Together with a country's capacity to absorb technology, those were the criteria for the selection of projects that the Secretariat had been following, although it was difficult to turn down a project when the Organization had the technical capability and resources, and a demand for it existed. In the next few months, following informal discussions, he intended to present another document containing a final set of criteria.

33. In addition to the factors he had just mentioned, the four main reasons why projects had been rejected at PPRC level were: failure to conform with UNIDO's mandate, policies and priorities; established quality standards of relevance, cost-effectiveness and sustainability; financial and other rules and regulations; or criteria governing the programmatic use of freely programmable funds. He felt sure that through informal meetings and discussions any doubts that might still persist could be eliminated: UNIDO, he emphasized, was an open house. In any event, the most satisfactory solution would be to have more funds available to use for high-priority activities.

34. With regard to geographical representation - a subject of great importance to Member States - he was aware that the situation he had inherited was not satisfactory, whether viewed from the standpoint of regions or individual countries. Of managerial and Professional posts, the developing countries occupied 32 per cent, the countries of WEOG (Western European and other countries group) 57 per cent, Group D 8.5 per cent and others, including nationals of non-member countries, 2.5 per cent. Clearly a considerable effort was called for in order to achieve a more balanced distribution. In the preceding nine months, some progress had been made: 55 per cent of new recruits had been from the developing countries, 38 per cent from developed countries, and the remainder from Group D. However, it was clear that, in making appointments, competence was of the highest importance. Efforts to target posts had proved difficult. Letters had been sent to missions and UNIDO Country Directors in non- or underrepresented countries, while virtually all positions had been advertised externally. However, in many cases the candidates presented had not come up to requirements. An effort was being made to improve the recruitment processes, to make them more pro-active and to strengthen communication with Member States. Progress would necessarily take time and he therefore appealed for understanding. The reason why recruitment had not proceeded more rapidly was because for the

first six months of the year attention had been focused on establishing terms of reference for each area and clarifying priority programmes; only then had recruitment begun. It should also be noted that, owing to dwindling operational income, it had proved necessary to move staff from the operational to the regular budget.

35. The matter of field representation was of great concern to both Member States and himself. He personally was convinced of the need for UNIDO to get closer to the field, including both Governments and the private sector. An urgent short-term issue arose, as well as a medium- to long-term problem. The former related to the fact that of 43 UCD posts, only 36 were filled, basically due to lack of funds. In 1995, seven of the existing offices would have to be closed, unless more support was forthcoming. At the latest session of the Programme and Budget Committee he had unsuccessfully proposed using $1.9 million of savings to cope with the situation; vacancies and unfilled posts under the regular budget were at present being used to guarantee the existing UCD offices until the end of 1995. The long-term issue concerned field representation over the next few years. As requested, a study was being carried out to identify the most appropriate level of such representation in the light of the Organization's programmes and priorities, the needs of Member States and the work of other agencies. The study would be completed early in 1995. In that context, he had recently been examining the practices of other organizations and considered the ILO and UNESCO approach of having subregional offices to be of great interest.

36. In principle, he viewed the proposed raising of the six per cent ceiling of the regular budget for technical cooperation as positive, since it could provide more seed money for projects in priority areas. Owing to efforts to keep on all existing staff despite falling income, UNIDO had been left with very little flexibility. Hardly any funds were available for items such as travel or consultants to identify and promote projects. However, given the requirement for zero growth, any raising of the six per cent ceiling could only be at the expense of other activities. As he had already pointed out, he had some ideas for further savings, but they would need the support of Member States, not forgetting the cumbersome legal processes involved in amending the Constitution. A better approach, once again, would be for Member States to increase their contributions to the general convertible segment of the Industrial Development Fund.

37. With regard to public information, mention had been made of recent unfavourable or incomplete press reports on UNIDO. While the prime requirement of any organization was of course to do high-quality work, he recognized the impact of the media in the modern world and attached importance to action in that area. UNIDO had the lowest budget allocation for public information in the United Nations system and the matter would certainly have to be addressed in the next regular budget. A new chief of public information had brought many good ideas and a start had already been made on an aggressive strategy. An article in the Financial Times with obsolete information on UNIDO had prompted an explanatory meeting in London with the publishers and the journalist in question, and a much improved relationship had been the outcome. Other prominent publications had recently made relevant comments, and even Greenpeace had been saying that UNIDO was the most effective agency involved in the execution of Montreal Protocol projects. Member States could no doubt also assist in spreading knowledge of the Organization's reforms and activities in general, which were not well known in the public and private sectors.

38. On the question of travel, he noted that travel accounted for only one per cent of total regular budget expenditure. Every effort had nevertheless been made to ensure optimum use of resources, and savings had indeed been achieved in the first few months of 1994 with cheaper travel and the avoidance of some journeys through the use of electronic mail, telefax and other means. There was, however, an absolute need for some travel since UNIDO was not a very decentralized organization. He was increasingly decentralizing travel authorizations to managing directors so that they made the final decisions, while the necessary coordination was sought. A five-person delegation had indeed travelled to China, at the invitation of UNDP, to review the whole Agenda 21 programme for the country, but at a special group rate. At many meetings UNIDO had one of the smallest groups and sometimes could not afford to be adequately represented.

39. Regarding sexual harassment and paragraph 63 of document IDB.13/27, he was not aware of any formal allegation of sexual harassment in UNIDO in the past several years. The inclusion of sexual harassment as a topic in management development training courses was standard United Nations practice in order to sensitize staff to gender issues. All UNIDO staff were, of course, expected to maintain the highest standards in dealings with one another in keeping with their international civil service status. He and his colleagues would certainly do their best to make UNIDO the institution of excellence they wanted it to be in industrial matters.

40. Mr. DE YTURRIAGA BARBERAN (Spain) thanked the Director-General for his explanations and suggested that he might consider using his mother tongue at Board meetings.

41. He welcomed the progress made since the Yaoundé session of the General Conference and pledged his country's continued support for the reform process. However, his delegation considered the specification of priorities to be the weakest point in UNIDO's activities. There was a need to plan future action, with the backing of proper resources. Funding was of course crucially important. Restructuring would depend on the priorities set, and real cuts would be needed to restore the Organization's financial health. Since staff were well placed to know where effort should be focused, the proposals should come from the Secretariat itself.

42. Spain, he noted in conclusion, was a major contributor to UNIDO and, with only three Professional staff, was grossly under-represented.

43. Mr. DE MARIA Y CAMPOS (Director-General) said that he recognized the importance of using Spanish and would do so whenever possible and convenient in the future. In the present instance, the necessary documentation had not been available in Spanish for the preparation of his answers. Nevertheless, he pointed out that it was a normal practice also for other high international civil servants to speak in English.

44. With regard to priorities, they were in fact the priorities brought to his attention by Member States. He confirmed once more that he would produce a document plainly indicating which areas would be focused on, which would become subsidiary for the time being, and which activities would be non-priority.

45. On the subject of Spain's admittedly low representation in UNIDO, he observed that only a limited number of posts had recently been filled, but that a Spanish national had been appointed to head the Environment and Energy Branch at D-1 level. He looked forward to seeing more good Spanish candidates for incorporation in UNIDO.

PROGRESS REPORT FOR 1994 ON SPECIFIC UNIDO ACTIVITIES, IN PARTICULAR:

(a) HUMAN RESOURCE DEVELOPMENT

(b) DEVELOPMENT AND TRANSFER OF TECHNOLOGY

(c) INDUSTRIAL REHABILITATION AND MODERNIZATION

(d) SMALL- AND MEDIUM-SCALE INDUSTRIES

(e) ENVIRONMENT, ENERGY AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

(f) INDUSTRIAL INVESTMENT PROMOTION

(g) INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT (IDB.13/12 and Add.1)

THE EXTERNAL DEBT AND INDUSTRIAL DEVELOPMENT (IDB.13/13)

INDUSTRIAL DEVELOPMENT COOPERATION AND CONSULTATIONS (INCLUDING IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 47/153) (IDB.13/15, IDB.13/16, IDB.13/30; IDB.13/CRP.3)

46. The PRESIDENT said that, before opening the debate, he would give the floor to the Managing Directors responsible for the activities under the various items and sub-items for brief introductions.

47. Mr. PISKOUNOV (Managing Director, Human Resource, Enterprise and Private Sector Development Division), referring to agenda item 4 (a), said that the globalization and liberalization of international markets compelled developing countries to make their industries more competitive, in which context the development of human resources was obviously a strategic factor. There was nevertheless a very wide gap between the requirements for developing adequate human resources and the existing education and management structures and policy environment. Important as its role in industry was, UNIDO had to cooperate extensively with other institutions to make any impact.

48. An important feature of the human resource development programme was therefore coordination and close cooperation with Governments, private sector associations of industrialists/entrepreneurs, such as Chambers of Commerce and Industry, and other organizations such as UNESCO, ILO and FAO. A cooperation agreement had recently been concluded with the ILO Training Centre at Turin, and negotiations on cooperation with Italy, Japan and other countries were proceeding. Human resource development (HRD) was one of the five development objectives of the restructured UNIDO, and a cross-organizational HRD strategy for capacity-building was at present being developed to assist developing countries in coping with growing economic and social challenges and bridging the type of gap to which he had just referred.

49. UNIDO had very evident and distinctive comparative advantages for developing and implementing an HRD strategy on account of its accumulated in-house multidisciplinary technical and managerial competence and continuous access to information on world-wide industrial trends and restructuring patterns.

50. With regard to agenda item 4 (c) on industrial rehabilitation and modernization, restructuring at the enterprise level was an important factor in making industry more competitive. Industrial rehabilitation and modernization were of particular interest in the privatization process and generally in countries whose economies were in transition. Significant productivity gains and cost reduction could be achieved without major capital investment through the use of modern management methods. The demand for such services had been steadily growing and UNIDO had cooperated with many Governments in diagnostic analyses of enterprises, restructuring strategies and the formulation and implementation of business plans.

51. With regard to agenda item 4 (d), on small- and medium-scale industries, the programme lay at the core of UNIDO's mandate and tied in closely with the other programmes of the Organization. It focused on upgrading the performance and capabilities of small and medium enterprises (SMEs), which played an increasingly important part in industrial growth and social development. The main goal was to improve their contribution to industrial productivity and competitiveness and to equitable and sustainable development in both urban and rural areas. UNIDO's strategy was: to continuously observe and analyse the contribution and new role of the SME sector and to assess emerging new tendencies; to provide information, advisory and training services to developing countries in support of the SME sector; and to implement the programme in cooperation with a network of national and international institutions specialized in SME development.

52. The SME programme was developed in cooperation with an SME advisory group including UNIDO staff and experts of international repute. It comprised three core programme elements: strategies, policies and programmes for the promotion and development of the SME sector; organization of SME support institutions; and support services to upgrade productivity and competitiveness in the SME sector. In addition, the SME programme contained three specialized programme elements: restructuring and development of subsectoral clusters of SMEs; industrial contribution to rural development; and entrepreneurship development and enterprise creation.

53. Mr. VENKATARAMAN (Managing Director, Investment and Technology Promotion Division), introducing agenda item 4 (b), said that the activities of the Technology Service had been realigned in the changed international industrial and technological context. Innovative activities such as "Techmarts", the development of an expert system for technology negotiation and assistance and advice in Build-Operate-Transfer contracts had been undertaken. Other activities included revitalization of industrial technology research institutes in developing countries, centres for the application of solar energy, generation of awareness relating to the advancement of

manufacturing technology and cooperation among developing countries in technology monitoring. An increasing number of activities were aimed at helping enterprises, such as promotion of software packages for small- and medium-scale industry and transfer of biotechnology. A project concept encouraging developing countries to address all the interrelated aspects of competitiveness in technology was ready for implementation.

54. Transfer of technology was the basis for planning the rehabilitation of sectors, optimization of their production, improvement of their performance, efficiency, quality and design of products, environmental compatibility and cleaner production. UNIDO continued to play a major role in the Commission on Sustainable Development, particularly in the preparation of demonstration projects. It would be hosting a round-table meeting on the transfer of environmentally sound technology, cooperation and capacity-building. UNIDO's contribution to biotechnology had been recognized by its designation as United Nations System Task Manager; a report on the subject had been prepared for submission to Member States in May 1995. Increasingly, emphasis was being placed on integrating activities within the Organization itself. The concept of an investment and technology partnership initiative had been developed and disseminated. Developing countries were being encouraged to adopt long-term comprehensive measures to accelerate investment and the absorption of related technology so that both the investor and recipient countries could fully benefit.

55. With regard to agenda item 4 (f) on investment promotion, consistent efforts had been made by the Investment Service in 1994 to streamline procedures, impose tighter quality control on investment proposals, monitor follow-up and increase and coordinate communication. There had been increased emphasis on project completion facilities and there had been strong growth in 1994 in demand for UNIDO's services in investment promotion. Sixteen countries had asked to participate in the Investment Promotion Service (IPS) offices network, which had developed into a powerful tool. The growing demands on the network had led to the proposals for streamlining the organization of IPS offices (IDB.13/12/Add.1). The Board might wish to take note of the steps proposed to improve and strengthen the investment promotion network further.

56. With regard to agenda item 7, the aim was to put UNIDO in the mainstream of industrial cooperation in the world. A three-pronged approach was being used: cooperation through consultations, industrial partnerships and economic and technical cooperation among developing countries (ECDC/TCDC). Consultations were being reoriented to focus on emerging issues, aim at concrete measures of cooperation and examine how the Organization's objectives could be met in any given sector or group of sectors at global or regional level. The Industrial Cooperation and Consultation Service had become more compact and its staff addressed wider issues of international cooperation, in addition to consultations. ECDC/TCDC would focus on three areas: technology exports and investment between developing countries, association with and assistance to cooperative activities already under way in regions and subregions and support to the least developed countries (LDCs). In the area of partnerships, a number of innovative activities had been initiated and other opportunities were being explored.

57. Ms. TCHEKNAVORIAN-ASENBAUER (Managing Director, Industrial Sectors and Environment Division), introducing agenda item 4 (e), said she would like to report on progress achieved since January 1994. Under the restructuring of UNIDO, the environment and energy programme had been consolidated with UNIDO's subsector-specific activities. It had therefore been necessary to orient the programme towards certain priority areas in order to achieve maximum impact with regard to activities covered by UNIDO's mandate. The priority areas reflected the needs of small- and medium-scale industries and the need to build up national capacities.

58. One priority was the transfer of clean technologies. A start had been made on the establishment of UNIDO/UNEP clean technology centres in cooperation with national institutions, with the aim of building up local capacity and promoting the introduction of cleaner production and pollution prevention techniques in local enterprises. The programme had started in six developing countries, with financial assistance from the Netherlands and Denmark, and in two economies in transition, the Czech Republic and Slovakia, with support from the Austrian Government.

59. The next important item was information on transfer of clean technologies. Through its Industrial and Technological Information Bank (INTIB), UNIDO provided information to developing countries to help them select appropriate technologies.

60. Another priority area concerned the transfer of chlorofluorocarbon-free technologies and the phasing out of ozone-depleting substances. Projects worth $24 million had already been approved and the amount could rise to $55 million by December 1994. The programme was the largest UNIDO operation and already covered 26 countries. In 1995, it was expected that 50 countries would be covered, with 120 projects. The Indian Government had entrusted UNIDO with the task of phasing out chlorofluorocarbons in the small- and medium-scale industry sector. That was a large area, and the programme would form a basis for similar programmes in other countries. The main UNIDO mandate in that regard was to work in small- and medium-scale industries.

61. The fourth area was policy and ESID (ecologically sustainable industrial development) strategy. UNIDO had become involved, within the United Nations system, in contributing to issues relating to environmental policies and the consideration of ecological aspects in the formulation of industrial policies. Those activities were receiving Word Bank support.

62. Another important field in which UNIDO was active concerned chemical safety. As the sixth agency along with WHO, UNEP, ILO, FAO and OECD, UNIDO was signing a legal document under which it would join a new coordinating mechanism in the field of chemical safety and sound management of toxic chemicals within a strengthened International Programme on Chemical Safety (IPCS). UNIDO was concerned with assisting industries such as the pesticides industry in that regard. An important activity was the Regional Network on Pesticides for Asia and the Pacific (RENPAP), a network in Asia bringing countries together to discuss problems relating to the safe development of pesticides in the region. The network had continuously expanded and had now been included in the $12 million UNDP FARM (Farmer-Centred Agricultural Resource Management) programme. Overall, the RENPAP programme was linked to projects worth more than $120 million.

63. Water management was also an important priority. The target area was GEF (Global Environment Facility). UNIDO was involved in a major project in the Gulf of Guinea; the project had been approved and was funded by GEF. Another important project was under preparation in China.

64. In another area, a major effort had been made to develop a leading role in the implementation of Agenda 21 projects. The Industrial Sectors and Environment Division, the Country Strategy and Programme Development Division and the Funds Mobilization Division had been cooperating closely to formulate and secure funds for projects comprising industrial components of China's Agenda 21 programme.

65. UNIDO had also become involved in the area of trade and eco-labelling. Preparations were being made for the provision of guidelines to institutions such as the International Organization for Standardization (ISO) and UNCTAD.

66. In the area of energy, the work being done covered energy efficiency, new and renewable sources of energy and an emphasis on cleaner coal technologies. UNIDO had a potential role in implementing projects funded by GEF in the area of reducing emissions of greenhouse gases. A major UNIDO involvement was in China, where the Organization was promoting the transfer of a new efficient technology for the combustion of coal.

67. With regard to cooperation with other organizations, the four organizations based in Vienna had agreed to work together on energy technology information and market evaluation. As part of cooperation within the United Nations system, UNIDO was now a member of the Inter-Agency Committee on Sustainable Development, which had recognized UNIDO's role in areas such as water, energy, transfer of technology and trade. UNIDO had been designated Task Manager on Biotechnology and was preparing a report on the subject. Very many meetings with environmental implications were currently being convened; UNIDO therefore had to confine its attention to those where major strategies and policies were being developed for the whole United Nations system. Retraining programmes had also been provided to enable programme managers to reorient their programmes towards environmental issues and to sustainable industrial development.

68. Ms. KING-AKERELE (Managing Director, Country Strategy and Programme Development Division), introducing agenda item 4 (g), said that the Integration of Women in Industrial Development Unit was based in her office, thus facilitating the inclusion of gender-related considerations at an early stage in the design and formulation of country strategies and programmes. During the first ten months of restructuring, progress had been made in including gender considerations in the mainstream of an increasing number of UNIDO activities. The identification, promotion and formulation of projects specifically targeting women had also been vigorously pursued. Two large projects had been approved and a number of others were being formulated. The integration of women in industrial development was one of the cross-sectoral themes being given priority by the Organization. Efforts were focusing on support to women entrepreneurs and small- and medium-scale enterprises and micro-enterprises, human resource development and the transfer and development of appropriate technologies, environment and energy. A series of staff training seminars had been initiated on gender issues in industry with the aim of increasing the level of awareness of UNIDO staff on the subject. Such activities would be pursued and further strengthened in coming years.

69. UNIDO's efforts to enhance equal participation of men and women in industrial development included its contributions to the Fourth World Conference on Women to be held at Beijing in 1995. An inter-divisional task force had been established to coordinate the input for that Conference. UNIDO was preparing five in-depth regional studies on the participation of women in manufacturing, as contributions to the five regional preparatory conferences, three of which had already been held. Although UNIDO would be contributing significantly to the drafting and subsequently the implementation of the Platform for Action to be decided by the Conference, UNIDO's efforts needed to be strongly supported by Member States at national and regional level if it was to achieve the required impact in that respect. The Board might wish to reiterate the importance placed by UNIDO Member States on the components of the Platform for Action designed to increase and enhance the participation of women in the industrial sector and the role of women in economic decision-making and in productive processes at all levels. It might also wish to provide the Organization with further specific substantive guidelines on the subject, since it was of crucial importance that UNIDO should derive a strong and renewed mandate from the proceedings and decisions to be adopted at the Conference.

70. With regard to the industrialization of LDCs in the 1990s, UNIDO had continued its support to LDCs through 164 projects. Eleven countries received assistance in mobilizing financial resources for industrial development and investment promotion capabilities. Projects concerned with the processing of basic raw materials such as paper, hides and skins had been regionally funded, covering several African LDCs. A series of projects relating to private sector development and privatization had been implemented or were under way in Mali, Mauritania and Ethiopia. Regional workshops had been held on privatization policy, strategy and practice. Twelve LDCs had received assistance in developing small-scale industry, and programmes for human resources development had been undertaken in 17 LDCs. Technical assistance in the relatively new field of national industrial statistics programmes was provided to eight LDCs in Africa. In the LDCs in Asia and Africa, the trend was for UNIDO services to concentrate on activities such as studies resulting in concrete policy and strategy recommendations. There was an increasing tendency in the LDCs to focus on rural industrialization for employment generation. Special attention had been given to the development of agro-related metal-working industries and food processing in five Asian LDCs.

71. In the immediate future, it was expected that poverty alleviation within the framework of the Industrial Action Programme for LDCs would be the area attracting greatest attention within and outside the United Nations system, and would be of particular interest to UNIDO. UNIDO was determined to make a renewed effort to seek the most effective means of contributing to the industrialization of the LDCs. Those efforts would be pursued in cooperation with UNCTAD, UNDP and the regional commissions.

The meeting rose at 1.05 p.m.